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"A city has to be a very particular type of city for the Olympics to make sense"

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The Vancouver Olympics have only just ended, but the websites of the 2012 Games in London, the 2014 Games in Sochi and the 2016 Games in Rio de Janeiro are already up and running. Meanwhile, many cities are competing to host the games after 2016. Some, including Amsterdam-Rotterdam, are already preparing their bids for the 2028 Summer Olympics. Obviously, cities around the world are very eager to organise the Olympic Games. But why? Hosting them often turns out to be extremely expensive and the expected positive benefits do not always occur. Andrew Zimbalist, professor of economics at Smith College in Massachusetts, has been researching the economics of sports for many years. In a recent article for Finance and Development, the magazine of the IMF, he explored the impact of the Olympic Games. Zimbalist believes that a city has to be a very particular type of city for the Olympics to be beneficial for a city on the long-term. In their bidding and hosting struggles, cities often lose sight of the long-run economic and social needs of their population, Zimbalist states. However, those might be just the factors they should not ignore if they want to host the Olympics successfully...

Why do you think so many countries and cities want to host the Olympics?

"There is a lot of hype. Why do people get so excited about a game between Arsenal and Barcelona in the Champion's League? We have a culture that glorifies sporting competition. It is something that unifies people who otherwise tend to live very isolated lives. Politicians therefore like to associate themselves with the Olympics. But most importantly, there are economic actors within a metropolitan political economy that will benefit if the city wins the games, or that will even benefit from the sometimes up to a 100 million dollars that are spent in the competition to win the games: construction companies, architectural companies, investment bankers, lawyers who work for the investment bankers, restaurants and hotels. These groups form a coalition of heavy hitters in a local political economy. They will go the city council and say

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'why don't we bid?'

Politicians in turn like to get re-elected and receive political contributions from these economic actors and therefore go ahead with the plan. Bidding for the Olympics is not a result of some rational calculation and some long-run strategy about developing an area. It is generally about the short-run calculus of political gain on the part of politicians, and financial gain on the part of certain economic interests."

Why is it that the costs of hosting the Olympic Games often turn out to be much higher than initially planned?

"I think that what generally happens is that you have this coalition of economic actors that is pushing the city to embrace an application to host the Olympics. They know it is in their private interest for this city to host the Olympics. The best way to get the city on board is to say: 'we can do all of this, we can host the Olympics, we can build all these facilities and it will only cost us 3 billion dollars.' In this way it is more likely they will get their support than if they are forthright and say: 'it is not going to cost 3 billion dollars but 10 billion dollars.' It is much better for them to do designs of facilities that are minimalist the first time around. Then, after they have gotten public and political approval, they can come back and say: 'let's have these bells and whistles and make our designs maximalist.' They will come back saying 'we are competing against Rio de Janeiro and Moscow, we need to spend more money'. They could have anticipated that, but it is not in their interest to do so. Cities should know that."

What would you advise cities who would like to bid for the Olympic Games?

"A city has to be a very particular type of city for the Olympics to make sense at all. In theory, it made some sense for Athens to go after the summer games because it held out the prospect of providing them with the modern telecommunications and transportation infrastructure that they needed. That kind of a city is at least a plausible candidate..."

But you need to be more than that to make it work. You have to have a financial plan that is viable given the physical circumstances in your city and country. You have to have a physical plan that is good for the long run. You are going to build a lot of athletic facilities, dormitories and hotels that are going to take up a lot of valuable urban space: space that will become more valuable over time. You have to make sure that the facilities you are building are going to fit in to some long-term needs and development strategies for the city. One of the ways to approach that is to try to use as many existing venues as possible. You do not want to build a lot of new facilities that you are not going to be able to use after the Games. So there has to be very careful planning along those lines.

You have to look very carefully, not just at the next 5 or 10 years, but at the next 30 or 40 years what your land and

development needs are going to be. I think that if you plan it properly, if you do not try to build a lot of Taj Mahals and use what you have to the largest extent possible, then it could make sense.

But more often than not, those kinds of necessities are not met by the hosts. They get involved in the competitive aspect of the bidding. The bidding is almost like an athletic event in itself. For several years, all the city thinks about is 'how can we make this building more attractive', 'how can we wine and dine the members of the IOC to make them vote in our favour'. Unfortunately, they are not thinking about the long-run economic and social needs of the population."

EUKN, Simone Pekelsma

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